

ADAIR COUNTY SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION,
AND OTHER SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019**

**with
INDEPENDENT AUDITOR'S REPORT**

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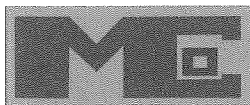
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& COMPANY**

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Adair County School District
Columbia, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Adair County School District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Kentucky Public School Districts' Audit Contract and Requirements – Auditor Responsibilities*, and *State Compliance Requirements, Appendix I to Kentucky Public School Districts' Audit Contract and Requirements – Audit Extension Request*, and *Appendix II to Kentucky Public School Districts' Audit Contract and Requirements – Submission Instructions*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Adair County School District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension, and postemployment benefits other than pension plans information, on pages 4 through 8 and 48 through 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of receipts, disbursements, and due to student groups related to school activity funds are presented for purposes of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedules of receipts, disbursements, and due to student groups, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of receipts, disbursements, and due to student groups, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mather & Co. CPAs, LLC

Mather & Co. CPAs, LLC
Louisville, Kentucky
November 6, 2019

ADAIR COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (UNAUDITED) **Year ended June 30, 2019**

The Adair County School District (District) offers the following narrative of the financial statements for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit report.

FINANCIAL HIGHLIGHTS

- The beginning fund balance for the District was \$2,868,581 which includes General Fund balance of \$2,811,281, Facility Support (FSPK) of \$74, Capital Outlay of \$816, and Construction of \$56,410.
- The General Fund had \$21,806,867 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes.
- The District is looking at trying to build new concession stands for the boys' baseball and the girls' softball fields.
- The District is looking at adding four preschool classrooms on the end of the Adair County Primary Center.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

The government-wide financial statements are designed to provide an overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets and liabilities. The increases or decreases in assets and liabilities over time will be helpful in determining the financial status of the District.

The government-wide financial statements outline functions of the District that are primarily supported by property taxes and intergovernmental revenue. The government-wide financial statements of the District include instruction, support services, plant and operations, student transportation, and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements are a grouping of related accounts that are used to maintain control over resources for specific activities and objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts. The District uses fund accounting to ensure compliance with financial and legal requirements. All of the District's funds are divided into three categories: governmental, proprietary, and fiduciary funds. Fiduciary funds are to be set up to help aid in supporting students and teachers in the education process. The proprietary funds are our school food service operations. All other activities of the District are considered as governmental funds.

The basic governmental fund financial statements can be found on pages 11 through 18 of this report.

The notes provide additional information to the understanding of the data provided within our financial statements. The notes for the financial statements can be found on pages 19 through 47 of this report.

Total Assets and Deferred Outflows of Resources	\$ 44,193,576
Total Liabilities and Deferred Inflows of Resources	\$ 43,129,512
Total Net Position	\$ 1,064,064

Comments on Budget Comparisons

- The District's 2019 revenues were \$27,881,092.
- The District's 2019 expenditures were \$27,452,586.
- The District's financing from other sources were \$240,537.
- The fund balance at the end of the 2019 fiscal year for the General Fund was \$3,479,514. This is approximately a 13% contingency.

The following table is a summary/breakdown of the District's General Fund revenue and expenditures for the year ended June 30, 2019.

Revenues	
Local revenue	\$ 4,933,157
State and Federal revenue	<u>16,873,710</u>
Total revenues	\$ 21,806,867

Expenditures

Instruction	\$ 13,152,817
Student support services	699,442
Instructional staff support services	549,086
District administration	709,403
School administration	1,111,888
Business support services	628,237
Plant and operations and maintenance	2,087,578
Student transportation	2,083,748
Debt Service	155,913
Community Services	<u>56,899</u>

Total expenditures	<u>21,235,011</u>
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Excess of expenditures over revenues	<u>\$ 571,856</u>
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Total Governmental Funds

Total Revenue	\$ 27,881,092
Total Expenditures	27,452,586
Total Other Financing Sources	<u>240,537</u>

Excess of revenue and other financing sources over expenditures	<u>\$ 669,043</u>
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Grant (Fund II) Information

The following is a list of major Grants and the amounts that were received during the 2019 fiscal year.

State Grants

KECSAC	\$ 158,451
Extended School Services	97,106
Family Resource Centers	269,055
Gifted and Talented	38,405
Kera-Preschool	359,225
Industry Certification	8,440
Textbooks	-
School Safety	51,274
KY ASAP	15,500
KETS	100,086

Federal Grants

Title I	\$ 1,286,252
Migrant	83,295
Title I – Part D	27,000
Title I – Part D Subpart 2	62,039
Idea B Basic	571,143
Idea B Preschool	25,254
Vocational Education	31,099
Rural and Low Income	47,827
Title II – Quality Teacher	167,680
21 st Century	201,000
Title III	4,668
Title IV	93,686
Striving Reader	290,000

Local Grants

WHAS Grant	\$ 29,700
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The Title I grant was allocated to our elementary schools, our intermediate school, and our middle school. These supplemental funds are used for salaries, supplies, parent involvement activities, travel, and professional development. These funds are used school wide. The primary focus of the Title I program is based on the academic need of each individual school.

The Vocational Funds are allocated between the Business Department, the Vocational Ag. Department, the Technology Department, and the Home Ec. Department at the Adair County High School. These funds were used for equipment, computers, and travel for the teachers.

The IDEA B, IDEA B Preschool, and KERA Preschool funds are generated on the December 1 child count. These funds are used for salaries, supplies, special equipment, professional development, consultant fees, and travel expenses.

The Title II – Quality Teacher Grant was incorporated with the Title I funds to help student achievement at all levels from the elementary school to the high school.

The WHAS Grant funds were used to pay a salary for Special Education.

The KECSAC funds are used at the Adair County Youth Development Center. These funds are used for salaries for teachers and supplies for the students housed at that facility.

The 21st Century funds are used at the Adair County Primary Center and the Adair County Elementary after school programs that help to make those students more rounded.

School Food Services Fund

This year our District has offered CEP for all Adair County Students.

Food Service Operating Revenue:

Lunch Sales	\$ 132,265
Federal Grants	1,617,890
State Grants	182,519
Interest	3,202
Donated Commodities	126,358
Loss of Assets	<u>-</u>

Total	<u>\$ 2,062,234</u>
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Total Expenses:

Salaries and benefits	\$ 903,109
Supplies	1,046,030
Contract services	24,414
Depreciation	23,507
Other	<u>4,816</u>

Total	<u>\$ 2,001,876</u>
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Net change in position	<u>\$ 60,358</u>
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Net position as of June 30, 2019	<u>\$ 640,793</u>
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If you have any questions, please contact the Superintendent or Finance Director at (270) 384-2476, or 1204 Greensburg Street, Columbia, Kentucky 42728.

ADAIR COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash	\$ 3,641,733	\$ 516,582	\$ 4,158,315
Receivables:			
Taxes	214,627	-	214,627
Other	37,589	-	37,589
Intergovernmental – State	27,527	-	27,527
Intergovernmental – Federal	172,054	-	172,054
Net capital assets	<u>32,506,887</u>	<u>124,211</u>	<u>32,631,098</u>
Total assets	36,600,417	640,793	37,241,210
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refundings	297,216	-	297,216
Deferred outflows of resources related to pension expense	5,110,030	-	5,110,030
Deferred outflows of resources related to other postemployment benefits	<u>1,545,120</u>	<u>-</u>	<u>1,545,120</u>
Total deferred outflows of resources	6,952,366	-	6,952,366
LIABILITIES			
Accounts payable	89,987	-	89,987
Unearned revenue	454,919	-	454,919
Current maturities of bond obligations	1,910,553	-	1,910,553
Current portion of accumulated sick leave	11,000	-	11,000
Interest payable	231,813	-	231,813
Noncurrent net pension liability	8,323,680	-	8,323,680
Noncurrent net other postemployment benefits liability	8,523,478	-	8,523,478
Noncurrent maturities of bond obligations	20,336,095	-	20,336,095
Noncurrent portion of accumulated sick leave	883,667	-	883,667
Noncurrent portion of accrued expense	<u>33,996</u>	<u>-</u>	<u>33,996</u>
Total liabilities	40,799,188	-	40,799,188
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension expense	1,360,445	-	1,360,445
Deferred inflows of resources related to other postemployment benefits	<u>969,879</u>	<u>-</u>	<u>969,879</u>
Total deferred inflows of resources	2,330,324	-	2,330,324
NET POSITION			
Invested in capital assets, net of related debt	10,028,426	124,211	10,152,637
Restricted for:			
Capital expenditures/debt service	58,110	-	58,110
Unrestricted	<u>(9,663,265)</u>	<u>516,582</u>	<u>(9,146,683)</u>
Total net position	<u>\$ 423,271</u>	<u>\$ 640,793</u>	<u>\$ 1,064,064</u>

See accompanying notes.

ADAIR COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
FUNCTIONS/PROGRAMS						
Governmental activities						
Instruction	\$ 17,049,146	\$ -	\$ 8,291,258	\$ -	\$ (8,757,888)	\$ (8,757,888)
Student support services	712,527	-	212,731	-	(499,796)	(499,796)
Instructional staff support services	583,141	-	205,533	-	(377,608)	(377,608)
District administration	720,020	-	87,847	-	(632,173)	(632,173)
School administration	1,125,005	-	343,338	-	(781,667)	(781,667)
Business support services	628,237	-	132,883	-	(495,354)	(495,354)
Plant operations and maintenance	2,789,598	-	248,616	-	(2,540,982)	(2,540,982)
Student transportation	2,125,815	-	465,035	-	(1,660,780)	(1,660,782)
Community services	335,742	-	364,878	-	29,136	29,136
Interest	681,136	-	-	681,136	-	-
Total governmental activities	26,750,367	-	10,352,119	681,136	(15,717,112)	(15,717,112)
Business-type activities						
Food service	2,001,876	132,265	1,926,767	-	-	57,156
Total business-type activities	2,001,876	132,265	1,926,767	-	-	57,156
Total primary government	\$ 28,752,243	\$ 132,265	\$ 12,278,886	\$ 681,136	(15,717,112)	(15,659,956)
General revenues						
Taxes:						
Property					3,704,570	3,704,570
Motor vehicle					571,156	571,156
Utilities					956,059	956,059
Earnings on investments					30,728	33,930
State grants					11,438,143	11,438,143
Federal grants					76,345	76,345
Other local amounts					121,121	121,121
Total general revenues					16,898,122	16,901,324
Change in net position					1,181,010	1,241,368
Net position as of July 1, 2018,					(757,739)	(177,304)
Net position as of June 30, 2019					\$ 423,271	\$ 1,064,064

See accompanying notes.

ADAIR COUNTY SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2019

	General Fund	Special Revenue Funds	SEEK Capital Outlay Fund	Facility Support Program (FSPK) Fund	School Construction Fund	Debt Service Fund	Total Governmental Funds
ASSETS							
Cash	\$ 3,344,580	\$ 239,043	\$ 880	\$ 74	\$ 57,156	\$ -	\$ 3,641,733
Receivables:							
Taxes	214,627	-	-	-	-	-	214,627
Other	20,244	17,345	-	-	-	-	37,589
Intergovernmental							
– State	-	27,527	-	-	-	-	27,527
– Federal	-	172,054	-	-	-	-	172,054
Total assets	\$ 3,579,451	\$ 455,969	\$ 880	\$ 74	\$ 57,156	\$ -	\$ 4,093,530
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 88,937	\$ 1,050	\$ -	\$ -	\$ -	\$ -	\$ 89,987
Unearned revenue	-	454,919	-	-	-	-	454,919
Current portion of accumulated sick leave	11,000	-	-	-	-	-	11,000
Total liabilities	99,937	455,969	-	-	-	-	555,906
Fund balances							
Restricted for:							
Capital expenditures	-	-	-	-	57,156	-	57,156
Capital expenditures/ debt service	-	-	880	74	-	-	954
Unassigned	3,479,514	-	-	-	-	-	3,479,514
Total fund balances	3,479,514	-	880	74	57,156	-	3,537,624
Total liabilities and fund balances	\$ 3,579,451	\$ 455,969	\$ 880	\$ 74	\$ 57,156	\$ -	\$ 4,093,530

See accompanying notes.

ADAIR COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2019

Total fund balances – governmental funds	\$ 3,537,624
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$51,068,945, and the accumulated depreciation is \$18,562,058.	32,506,887
Deferred loss on bond refundings is not a current financial resource and therefore is not reported as a deferred outflows of resources in governmental funds.	297,216
Bonds payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(22,246,648)
Noncurrent portion of accumulated sick leave is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(883,667)
Interest payable is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(231,813)
Noncurrent net pension liability is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position. The deferred outflows of resources related to pension expense total \$5,110,030, the deferred inflows of resources related to pension expense total \$1,360,445, and the net pension liability on the statement of net position is \$8,323,680.	(4,574,095)
Noncurrent net other postemployment benefits liability is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position. The deferred outflows of resources related to OPEB expense total \$1,545,120, the deferred inflows of resources related to OPEB expense total \$969,879, and the net OPEB liability on the statement of net position is \$8,523,478.	(7,948,237)
Noncurrent portion of accrued expense is not reported in the government fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	<u>(33,996)</u>
Total net position – governmental activities	<u>\$ 423,271</u>

See accompanying notes.

ADAIR COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS Year ended June 30, 2019

	General Fund	Special Revenue Funds	SEEK Capital Outlay Fund	Facility Support Program (FSPK) Fund	School Construction Fund	Debt Service Fund	Total Governmental Funds
Revenues							
From local sources:							
Taxes:							
Property	\$ 3,307,442	\$ -	\$ -	\$ 397,128	\$ -	\$ -	\$ 3,704,570
Motor vehicle	571,156	-	-	-	-	-	571,156
Utilities	956,059	-	-	-	-	-	956,059
Earnings on investments	27,664	1,784	267	267	746	-	30,728
Other local	70,836	68,716	-	-	-	-	139,552
Intergovernmental – State	18,738,138	928,370	238,301	596,587	-	968,509	21,469,905
Intergovernmental – Federal	76,345	2,873,550	-	-	-	-	2,949,895
Total revenues	23,747,640	3,872,420	238,568	993,982	746	968,509	29,821,865
Expenditures							
Current:							
Instruction	15,093,590	3,562,735	-	-	-	-	18,656,325
Student support services	699,442	13,085	-	-	-	-	712,527
Instructional staff support services	549,086	34,055	-	-	-	-	583,141
District administration	709,403	-	-	-	-	-	709,403
School administration	1,111,888	-	-	-	-	-	1,111,888
Business support services	628,237	-	-	-	-	-	628,237
Plant operations and maintenance	2,087,578	-	-	-	-	-	2,087,578
Student transportation	2,083,748	33,745	-	-	-	-	2,117,493
Community services	56,899	278,843	-	-	-	-	335,742
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	155,913	-	-	-	-	2,295,112	2,451,025
Total expenditures	23,175,784	3,922,463	-	-	-	2,295,112	29,393,359
Excess (deficit) of revenues over (under) expenditures	571,856	(50,043)	238,568	993,982	746	(1,326,603)	428,506
Other financing sources (uses)							
Miscellaneous	61,387	-	-	-	-	-	61,387
Proceeds from bond issuance	179,150	-	-	-	-	-	179,150
Operating transfers in	136,156	50,043	-	-	-	1,326,603	1,512,802
Operating transfers out	(280,316)	-	(238,504)	(993,982)	-	-	(1,512,802)
Total other financing sources (uses)	96,377	50,043	(238,504)	(993,982)	-	1,326,603	240,537
Net change in fund balance	668,233	-	64	-	746	-	669,043
Fund balance as of July 1, 2018	2,811,281	-	816	74	56,410	-	2,868,581
Fund balance as of June 30, 2019	\$ 3,479,514	\$ -	\$ 880	\$ 74	\$ 57,156	\$ -	\$ 3,537,624

See accompanying notes.

ADAIR COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2019

Net change in total fund balances – governmental funds	\$ 669,043
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in the governmental fund financial statements because they use current financial resources, but are presented as assets in the statement of net position and depreciated over their estimated useful lives. Related depreciation expense is reported in the statement of activities. The difference is the amount by which depreciation expense (\$1,208,290) exceeds capital outlays (\$189,650) and disposal of capital assets (\$11,102).	(1,029,742)
Deferred loss on bond refundings is not reported as an expenditure in the governmental fund financial statements, but is capitalized and amortized over the life of the related bonds on the statement of activities.	(85,127)
Bond payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are reductions of liabilities and interest expense in the statement of net position and statement of activities, respectively.	1,857,302
Bond proceeds are other financing sources in the governmental fund financial statements, but are not included in the statement of activities.	(181,436)
Pension expense is recognized in the governmental fund financial statements as the total expenditures paid in the current year for the employer's portion of contributions. However, on the statement of activities, pension expense is calculated using the accrual basis of accounting which accounts for the increases and decreases in the net pension liability.	(146,056)
Other postemployment benefits expense OPEB is recognized in the governmental fund financial statements as the total expenditures paid in the current year for the employer's portion of contributions. However, on the statement of activities, OPEB expense is calculated using the accrual basis of accounting which accounts for the increases and decreases in the net OPEB liability.	108,442
Accumulated sick leave is recognized by the amount earned in the statement of activities, but the governmental fund financial statements only recognize the obligations anticipated to be retired from existing financial resources.	(28,416)
Accrued expense related to noncurrent portion of accrued liability is recognized in the statement of activities, but not in the governmental fund financial statements because it will not be paid with existing financial resources.	<u>17,000</u>
Change in net position – governmental activities	<u>\$ 1,181,010</u>

See accompanying notes

ADAIR COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION – PROPRIETARY FUND
June 30, 2019

	School Food Service <u>Fund</u>
ASSETS	
Current assets	
Cash	\$ 516,582
Total current assets	516,582
Noncurrent assets	
Capital assets	682,905
Less accumulated depreciation	<u>(558,694)</u>
Total noncurrent assets	<u>124,211</u>
Total assets	640,793
NET POSITION	
Invested in capital assets	124,211
Unrestricted	<u>516,582</u>
Total net position	<u>\$ 640,793</u>

See accompanying notes.

ADAIR COUNTY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUND
Year ended June 30, 2019**

	School Food Service <u>Fund</u>
Operating revenues	
Lunchroom sales	\$ 132,265
Operating expenses	
Salaries, wages, and benefits	903,109
Contract services	24,414
Materials and supplies	1,046,030
Depreciation	23,507
Other	<u>4,816</u>
Total operating expenses	<u>2,001,876</u>
Operating loss	(1,869,611)
Nonoperating revenues	
Federal grants	1,617,890
State grants	182,519
Donated commodities	126,358
Interest income	<u>3,202</u>
Total nonoperating revenues	<u>1,929,969</u>
Change in net position	60,358
Net position as of July 1, 2018	<u>580,435</u>
Net position as of June 30, 2019	<u><u>\$ 640,793</u></u>

See accompanying notes.

